

11 Measuring performance for Exchequer spending on social housing

- 11.1** Government departments have an ongoing obligation to demonstrate that they have used funding provided by the Oireachtas in the manner intended and to good effect. Annual estimates of spending for the various services are presented in advance to the Oireachtas together with schedules setting out targets for key activities and outputs to be delivered, as well as relevant impact and context indicators, for each spending programme.¹
- 11.2** While the spending outturn for the programmes is reported in the relevant appropriation account and is subject to audit, the outturn in relation to the performance and context indicators is not reported in the accounts. Instead, the outturn is presented with the following year's spending estimate.
- 11.3** This examination was undertaken to assess the performance information presented by the Department of Housing, Planning and Local Government (the Department)² in relation to its spending on social housing. This accounts for the majority of the Department's housing programme,³ which accounted for expenditure of over €2.4 billion in 2019. The main objective of the assessment was to establish if the measures used and published by the Department provide a complete and accurate account of what is being achieved by the spending in a timely way.

1 The spending estimates are published each year in the Revised Estimates Volume (REV) by the Department of Public Expenditure and Reform.

2 The name of the Department is expected to change to the Department of Housing, Local Government and Heritage.

3 Aside from its responsibilities specific to social housing, the Department's priorities for the wider housing sector include to ensure that housing is built to the appropriate standards and in the right locations, to improve the quality of rented housing and to strengthen tenant and landlord protection.

4 Section 93 (1) of the Planning and Development Act 2000 defined those eligible to benefit from an affordable housing scheme as persons in need of accommodation whose income would not be adequate to meet the payments on a mortgage.

5 For further information on AHBs, see Chapter 10 Funding and oversight of approved housing bodies in *Report on the Accounts of the Public Services 2017*; Comptroller and Auditor General, September 2018.

- 11.4** As part of the examination, public expenditure performance measurement frameworks used in other jurisdictions were reviewed to identify good practice principles and approaches. The key principles to be applied in relation to individual performance measures and to performance measurement systems as a whole are set out in Annex 11A.
- 11.5** Performance measures utilised in relation to social housing in other jurisdictions were also reviewed and compared with the Department's performance framework.

Social housing provision

- 11.6** The Department defines social housing as the provision by Government of housing support for vulnerable individuals and those unable to provide for accommodation from within their own resources.
- 11.7** The Housing Act 1988 recognised that certain groups may experience difficulty in accessing housing, including homeless people, older people and those with specific health issues. The Act requires housing authorities to consider the needs of such groups when conducting housing needs assessments. Affordable housing schemes that allow certain people to purchase a home at below market cost fall under the definition of social housing.⁴
- 11.8** Housing supports are provided mainly through local authorities or approved housing bodies (AHBs).⁵ While there are many other parties involved in social housing provision in Ireland, the key stakeholders are set out in Figure 11.1.

Figure 11.1 Main stakeholders in social housing provision

Main stakeholder	Role	Responsibility
The Exchequer	Funding	Provides (through the Department) most of the money required to fund social housing through a variety of funding streams.
The Housing Finance Agency (HFA)	Loan funding	Established in 1982, operating under the aegis of the Department, it provides loan funding to local authorities and AHBs for any purpose authorised under the Housing Acts. The HFA is self-financing and does not receive any Exchequer subvention. ^a
Local authorities	Housing provision, tenancy management Oversight for AHBs	Provide social housing by building new stock, or buying/leasing stock from a private sector source. The stock of housing is then leased to households eligible for social housing.
Housing and Sustainable Communities Agency (Housing Agency)	Promote the supply of housing to meet current and future demand Regulatory role	Provides expert advice to stakeholders, implements certain housing programmes and is involved in policy development. The Agency's Regulation Office regulates AHBs pending the establishment of the independent AHB Regulatory Authority.
Approved Housing Bodies (AHBs)	Housing provision and tenancy management	Provide social housing by building new stock, or buying/leasing stock from a private sector source. The stock of housing is then leased to households eligible for social housing.
National Oversight and Audit Commission	Oversight role	An independent statutory body established in 2014 that provides oversight of the local government sector, including conditions in local authority housing.

Source: Analysis by the Office of the Comptroller and Auditor General

Note: a The HFA raises its funds on domestic and international capital markets, with the support of a guarantee from the Minister for Finance.

- 11.9** Local authorities and AHBs may build or acquire social housing either through wholly capital funded structures or blended capital and current funding structures. Wholly current funding structures are used for leasing, Housing Assistance Payment (HAP) and the Rental Accommodation Scheme (RAS) (see Figure 11.2).
- 11.10** Rent supplement¹ is a separate financial support available through the Department of Employment Affairs and Social Protection. It is not strictly considered a social housing support and households in receipt of rent supplement on a long term basis, who are eligible for social housing, are being transferred to HAP.

¹ Rent supplement is a means-tested payment available to certain people living in private rented accommodation who cannot provide for the cost of their accommodation from their own resources.

Figure 11.2 Social housing delivery methods

Delivery method	Description
Build/acquisition	Units are constructed or acquired from the private market by local authorities or AHBs and then let to eligible households.
Lease	Units are secured on a lease basis, typically long term, through the Department's social housing current expenditure programme. The programme provides financial support to local authorities for the leasing of houses and apartments, and also to meet operational expenses incurred by AHBs.
Rental Accommodation Scheme (RAS)	Local authorities source accommodation from the private market and enter into a tenancy agreement with the landlord and the RAS recipient. The tenant pays the differential rent. ^a The local authority has the responsibility to source other accommodation if the current accommodation becomes unavailable to the recipient through no fault of their own.
Housing Assistance Payment (HAP)	Housing units are sourced from the private sector by recipients themselves. The rent is paid directly to the landlord by the local authority and the tenant pays the differential rent. The Department intends that HAP will eventually replace RAS and rent supplement.
Homeless support services	Local authorities and other bodies provide accommodation and other supports to homeless people.
Rent supplement	Income support provided by the Department of Employment Affairs and Social Protection to assist low income households with rental payments. Under the Government's Rebuilding Ireland Action Plan (2016 – 2021), it is envisaged that all recipients of rent supplement will be transferred to the Housing Assistance Payment (HAP) scheme by 2020.

Source: Summarised from Economic and Social Research Institute Working Paper No. 594 (June 2018) and the Department of Public Expenditure and Reform Spending Review 2018

Note: a Under the differential rent system, the amount of rent paid by the tenant to the local authority depends on total household income.

Strategic objectives

- 11.11** The Department's strategic objectives in relation to social housing for the period 2016 to 2021 have been set out in the *Rebuilding Ireland Action Plan (2016 – 2021)*. The plan — which focuses on the housing market as a whole — includes the following targets
- increase the overall supply of new homes to 25,000 per annum by 2020
 - deliver over 50,000 social housing units between 2016 and 2021¹
 - meet the housing needs of an additional 87,000 households through RAS and the HAP scheme.
- 11.12** The Department reports quarterly on *Rebuilding Ireland*, including on targets and outputs for social housing provision set out under five delivery streams — build, acquisition, lease, HAP and RAS. The targets for social housing provision up to the end of 2019 have been achieved (see Figure 11.3). Just over 100,000 units of social housing were secured through the five delivery streams — almost 10% above the target for the period 2016 to 2019.

¹ The original target of 47,000 social housing units was increased to 50,000 and additional funding was provided in Budget 2018.

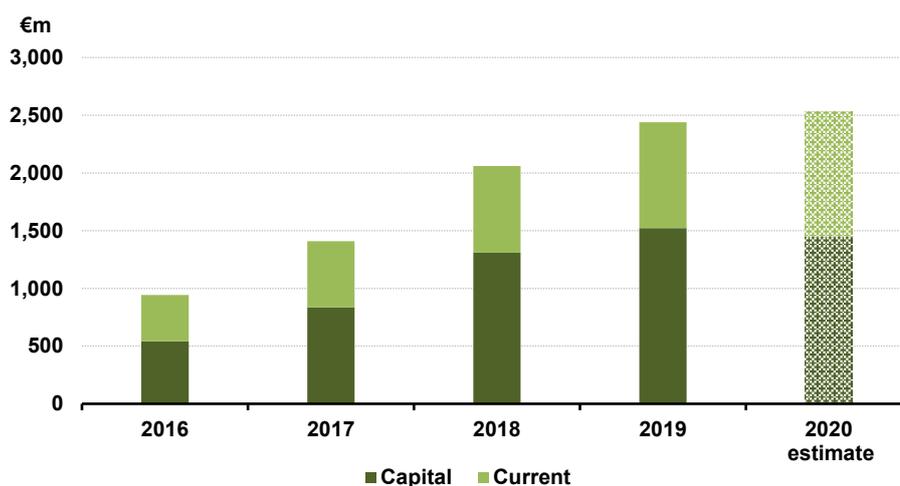
Figure 11.3 Rebuilding Ireland target outputs 2016 – 2021 and outturn to 2019

	Build	Acquire	Lease	RAS	HAP	Total
Cumulative target 2016 – 2021	33,617	6,830	10,036	3,800	86,510	140,793
Target by end 2019	16,974	5,230	4,955	3,200	60,760	91,119
Actual at end 2019	17,904	9,553	3,781	3,944	64,942	100,124

Source: Department of Housing, Planning and Local Government

Expenditure trends

- 11.13** Expenditure on the Department's housing programme in 2019 was two and a half times the corresponding figure for 2016 (see Figure 11.4).¹

Figure 11.4 Expenditure on housing programme, 2016 to 2019 (outturn)^a and 2020 (Estimate provision)^b

Source: Department of Housing, Planning and Local Government, Revised Estimates for Public Services 2020

- Notes:
- Outturn figures for 2016 to 2019 exclude administration costs but include surplus local property tax receipts applied by local authorities towards the delivery of housing programmes. Expenditure on housing by other stakeholders (e.g. Department of Employment Affairs and Social Protection, AHBs) is not included.
 - 2020 figures are drawn from the Revised Estimates 2020, with administration subheads excluded.

¹ The actual increase was from €943 million in 2016 to €2.44 billion in 2019.

- 11.14** Expenditure is accounted for under a range of subheads (see Figure 11.5).

Figure 11.5 Housing programme subheads, 2019 (expenditure outturn) and 2020 (estimate provision)

Sub head	Description	2019 outturn ^a	2020 provision ^b
		€000	€000
A1	Administration — pay	15,331	16,956
A2	Administration — non pay	3,080	6,680
A3	Local authority housing	955,745	789,087
A4	Social housing current expenditure programme	139,127	190,886
A5	Rental Accommodation Scheme	134,290	133,000
A6	Housing Assistance Payment Scheme	382,408	497,729
A7	Capital Assistance Scheme	88,364	94,875
A8	Capital Loans and Subsidy Scheme	51,686	54,500
A9	Communal facilities	25	500
A10	Mortgage to rent	17,998	23,000
A11	Capital Advance Leasing Facility	139,399	113,800
A12	Traveller accommodation and support	14,036	19,210
A13	Accommodation for homeless	165,000	166,000
A14	Housing for people with a disability and older people	167	500
A15	Estate regeneration/remedial works	78,511	71,750
A16	Energy efficiency — retrofitting	47,454	48,238
A17	Repair and leasing scheme	3,772	10,700
A18	Private housing grants	51,912	59,000
A19	Mortgage allowances	403	600
A20	Affordable housing/shared ownership subsidy	2,397	4,000
A21	Infrastructure fund	22,279	186,000
A22	Pyrite and MICA remediation	30,000	40,000
A23	Housing and Sustainable Communities Agency	7,500	10,500
A24	Residential Tenancies Board	12,460	9,951
A25	Rented accommodation inspection	—	8,500
A26	Other services	1,896	2,996
	Programme total	2,365,240	2,558,958

Source: Appropriation account for Vote 34 Housing, Planning and Local Government, Revised Estimates for Public Services 2020

- Notes:
- Certain local authorities are directed by the Department to apply some of their annual local property tax receipts for social housing and roads investment. In 2019, the local property tax resources made available for social housing purposes was €92.7 million. This was divided between programmes funded under subheads A3, A7, A8, A10, A11, A12, A15, A16, A18, A19 and A20.
 - 2020 provision figures are drawn from the Revised Estimates 2020. The Department expects that this will be supplemented by €90.5 million in surplus local property tax receipts to be applied by local authorities towards housing programmes.
 - Subheads highlighted are related specifically to social housing provision and supports.

11.15 Aside from voted funding provided by the Department, other public sector entities contribute financially towards the provision of social housing in a number of ways. For example

- Some local authorities are required to fund housing services from surplus local property tax receipts up to a value notified by the Department.
- The Housing Finance Agency provides AHBs and local authorities with loan funding.
- Some major social housing construction projects are being developed on a public private partnership basis, with ownership reverting to local authorities after a set contract period.
- The Department of Employment Affairs and Social Protection funds rent supplement payments to eligible households.

Programme performance targets

11.16 The Department has developed a set of measures of the key outputs and activities funded under the housing programme. These are presented in a schedule attached to the estimate for the programme, together with target values to be achieved. A small number of 'context and impact indicators' are also presented, but without target values: instead, historical data is presented in relation to those measures.

11.17 For the 2020 estimate — published in December 2019 — a total of 19 key output and activity measures were provided (see Figure 11.6).¹ The schedule included target values for each measure for the years 2018, 2019 and 2020.² Only the 2018 outturn was available at the time of publication, and this was also reported. This indicated that the Department had achieved or substantially achieved³ 15 of the 17 key high level output targets associated with its housing programme for 2018.

11.18 In the published estimate, the measures are related to the programme, rather than to individual subheads. For the purpose of this examination, the Department was asked to match the performance measures with the budget allocations for 2020. Some of the measures relate to multiple subheads, while others relate to single subheads. As a result, it is difficult to link the aspects of performance referred to in most of the measures to the related expenditure.

11.19 There are no performance measures in relation to some of the spending subheads. Measures are not presented where the spending relates to the Department's administrative costs in relation to the housing programme, or where the expenditure relates to grants to agencies operating under the aegis of the Department engaged in functions associated with the housing sector (Housing and Sustainable Communities Agency, Residential Tenancies Board). However, there are a number of subheads without identifiably related performance measures but which appear to be amenable to identification of such measures. For example,

- Subhead A13: There is no output or activity measure in relation to the subhead for accommodation for homeless people, under which expenditure of €165 million was provided in 2019. The aggregate number of bed-nights of accommodation provided (or availed of by homeless people) would be a potential measure of output for that expenditure. It is noted however that the 'number of adults exiting homelessness' (5,135 in 2018) is included as an impact indicator for the housing programme as a whole, and without a target value.

¹ Prior to 2018, the Department had 10 subheads rather than the current 26. The aim of the disaggregation in the 2018 REV was to enhance transparency by providing greater detail on the constituent elements of each subhead. Since the publication of *Rebuilding Ireland* in 2016, the number of key high level metrics appearing in the REV has increased from ten (in the 2015 REV) to 19 in the 2020 REV.

² The same data is published in a compendium *Public Service Performance Report* published by the Department of Public Expenditure and Reform each year. The latest available report, relating to 2019, was published in July 2020 and is available on the gov.ie website.

³ For the purposes of this analysis, a target was considered to have been 'substantially achieved' where the outturn was at or above 85% of the target level.

Figure 11.6 Housing programme high level metrics, 2020

	Metric/Indicator for 2020	Associated subheads	Target 2019	Target 2020
1	Total no. of social housing needs met	Multiple	27,360	27,517
2	Total no. of social housing units to secure through current funded programmes	A4, A5, A6	19,490	18,981
3	No. of additional households to transfer from rent supplement to Rental Accommodation Scheme	A5	600	600
4	Total no. of social housing units to secure through social housing capital programmes	A3, A7, A11, A15, A16, A17	7,870	8,686
5	Total no. of social housing units to secure through all build programmes	A3, A7, A11, A15, A16	6,545	7,736
6	Total no. of social housing units to secure through local authority build programmes	A3, A15, A16	4,197	4,719
7	Total no. of social housing units to secure through approved housing body build programmes	A7, A8, A11	2,348	3,017
8	No. of special needs units to deliver under Capital Assistance Scheme	A7	425	400
9	No. of units to deliver under the National Regeneration Programme	A15	200	200
10	No. of traveller specific units to deliver	A12	120	130
11	No. of units to upgrade under retrofitting programme	A16	3,000	1,000
12	No. of additional households to be supported by Housing Assistance Payments (HAP)	A6	16,760	15,750
13	No. of vacant social housing units to be refurbished and brought back to productive use	A16	303	180
14	No. of properties repaired and brought into leasing under the Repair and Leasing Scheme	A17	950	150
15	No. of grants to assist older people and people with disabilities to remain in their home for longer	A18	11,000	12,000
16	No. of dwellings remediated under pyrite and mica schemes ^a	A22	Not specified	450
17	No. of short term letting investigations commenced	A25	Not specified	2,750
18	No. of private rental minimum standard compliance inspections ^b	A25	48,500	64,500
19	Number of new private homes, including more affordable homes discounted on open market prices, delivered on local authority or privately owned sites and supported by the provision of grant funding for infrastructure works through the Serviced Sites Fund and Local Infrastructure Housing Activation Fund	A21	3,200	4,155

Source: Vote 34 Housing, Planning and Local Government, *Revised Estimates Volume 2020*, Department of Public Expenditure and Reform, December 2019. Associated subheads: additional information provided by the Department.

Notes: a Measures 16 and 17 are new measures introduced in the 2020 REV.

b Measure 18: the 2020 target is based on 20% of the number of tenancies registered with the Residential Tenancies Board at 31 December 2018.

- Subhead A10: The number of 'mortgage to rent' beneficiary households, who received a total of €18 million in 2019, is not included as a measure.
- Subhead A20: The number of affordable housing shared ownership subsidy recipients, who received €2.4 million in 2019, is not included as a measure.

11.20 There is no specific performance measure or target in relation to the highest value expenditure subhead i.e. subhead A3 local authority housing. This subhead accounted for expenditure totalling nearly €1 billion in 2019, with a REV provision for a further €789 million in 2020.¹

11.21 Even where output measures are provided, many do not relate comprehensively to the expenditure incurred. For example,

- While €134 million was spent on the Rental Accommodation Scheme (RAS) in 2019 under subhead A5, one of the measures associated with the subhead is the number of households (600 a year) to be transferred to the RAS from rent supplement support, which is paid from the Vote for Employment Affairs and Social Protection. A more relevant performance measure for subhead A5 would be the (average) number of households supported during 2019 through RAS expenditure. Furthermore, there is no context given for the transfer target: rent supplement supported 23,770 households in 2019, at a cost of just over €125 million.
- Measure 2 'total no. of social housing units to secure through current funded programmes' relates to expenditure under three subheads (A4, A5 and A6) under which a total of €656 million was spent in 2019, and for which the 2020 provision is €822 million. The 2019 target was just under 19,500 households, while the 2020 target is just under 19,000. The measure (and target) refers to new tenancies put in place in the year, and takes no account of tenancies continuing under the various schemes, in respect of which expenditure is ongoing.

Sources of performance data

11.22 The Department records social housing data through a variety of different computerised systems. In parallel, it sends quarterly surveys to local authorities asking them to quantify and classify many of their activities under different schemes. Local authorities receive reports from the AHBs and send the aggregate figures to the Department.² Since the process is largely manual, receipt, validation and compilation of this raw data can take up to eight weeks each quarter.

11.23 The Department informed the examination team that it is working on the development of an integrated system for the management of housing-related data and schemes. This system will go significantly further than just output and financial data management, and will be an end-to-end solution from application through to completion. The system aims to combine multiple separate programme systems currently in operation into a single structure, where data is entered directly at local authority level and then picked up for automated validation, rather than manual systems of data collection currently in operation. A dedicated housing ICT project team is in place in the Department together with a complete governance structure and project board. The final business case is nearing completion and it is expected that, subject to approval, the next phase will commence shortly. In the interim, a number of data refinements and improvement processes continue to be worked on.

¹ The Department has stated that surplus local property receipts of over €49 million were applied by local authorities in 2019 towards the programme funded under Subhead A3. It expects €76 million in surplus local property tax receipts to be applied towards that programme in 2020.

² AHBs report at intervals to local authorities on additional stock, and this is in turn reflected in local authority reports to the Department.

Performance reporting by NOAC

11.24 The National Oversight and Audit Commission (NOAC) is an independent statutory oversight body for the local government sector in Ireland. In its annual local authority performance indicator report,¹ NOAC provides information on the local authority-owned housing stock, including movements in the stock in year taking account of build or purchase acquisitions, renovation of existing vacant units and disposals through sales or demolition. The information on housing stock and flows is available at individual local authority level. The report also provides information on a range of issues including estimated average cost of maintenance of local authority housing units; the average turnaround time between one tenant leaving a social house and the next tenant moving in, and the number of persons relying on emergency accommodation at the year end. The quality of the statistical information gathered by NOAC from local authorities is validated by a programme of cyclical inspection visits to the authorities.

11.25 Usefully, the NOAC performance report for 2018 also includes trend analysis for four selected measures related to social housing matters, based on data collected and reported from 2014 on (see Annex 11B).² This indicates that

- The stock of local authority social housing dwellings increased from around 129,500 in 2014 to just under 134,900 in 2018 — an increase of 4.1% in 4 years.
- The percentage of local authority dwellings vacant at the year-end was 3.5% in 2015, and this dropped to 2.8% in 2018. (The figure was not reported for 2014).
- The average time taken by local authorities to re-let a dwelling decreased from 29 weeks in 2017 to 27.8 weeks in 2018. Comparable data was not available for earlier years, because of a change in the definition of the measure for 2017 on.³
- The percentage of those in emergency accommodation who were classed as long term homeless (i.e. homeless more than six months) increased from 30% at the end of 2014, to just under 62% at the end of 2018.

1 Performance indicator reports for the years 2014 to 2018 can be accessed from the NOAC website at [NOAC Reports – National Oversight & Audit Commission](#).

2 *Local Authority Performance Indicator Report 2018*, NOAC Report No. 22, September 2019. Other indicators for which analysis is provided relate to a variety of matters including pavement condition, domestic waste collection, pollution cases and inspections of new buildings.

3 For the years 2014 to 2016, the report presented the median time taken between lettings per local authority. The average time between lettings reflects the full range of duration of re-letting delays.

11.26 The commentary in the NOAC report on the local authority housing statistics recognises that, as set out in *Rebuilding Ireland*, a significant level of social housing provision is through the AHB-acquired stock of housing, and through current expenditure schemes such as RAS and HAP. NOAC considers that local authorities play a key role in managing and steering the delivery of housing supports by AHBs, and in delivering housing supports through other delivery mechanisms such as the HAP. While NOAC provides some high level information on the output of social housing by all such means, along the lines reported in relation to *Rebuilding Ireland*, there is no overview of the total social housing stock, or of the number of households supported under the various schemes.

11.27 The information published by NOAC also does not provide a clear link between the expenditure on social housing and the performance targets or outturns.

Examples of good practice for performance measurement

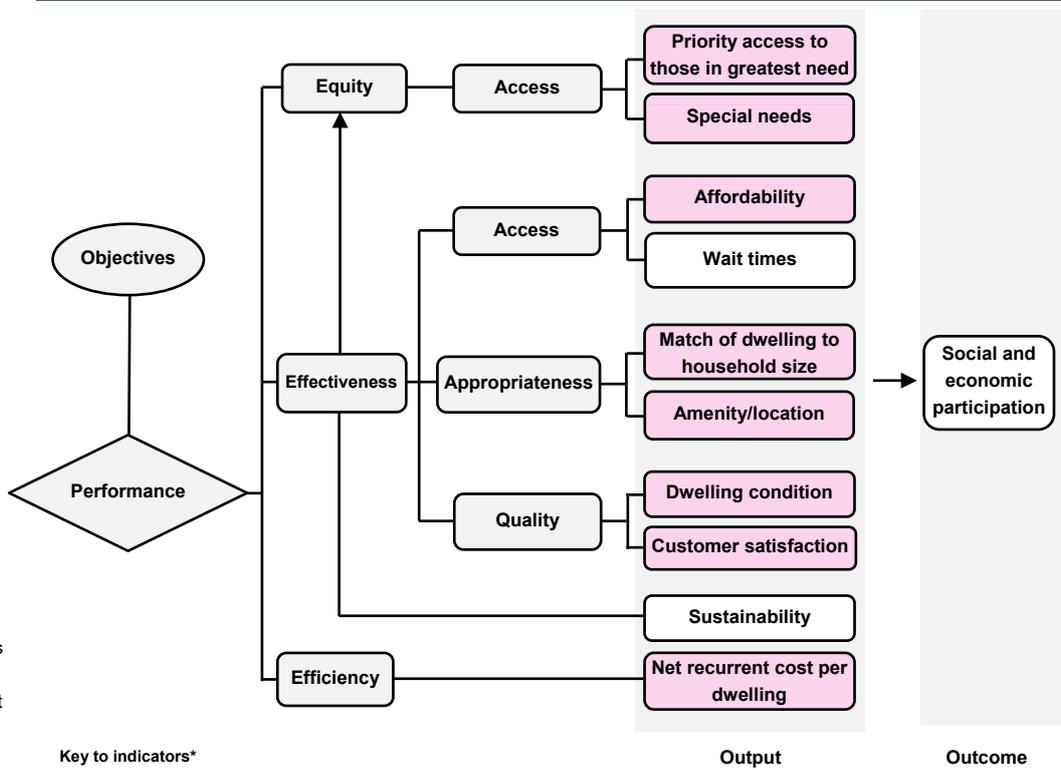
Measurement of social housing performance in Australia

11.28 Australia has a relatively comprehensive and well established performance measurement framework for social housing delivery. It uses performance budgeting which links financial allocations to measurable outputs. While performance reporting for government spending on social housing is now well developed in Australia, the system has been subject to a number of changes over the years. Apparent gaps in available data have been gradually closed, though others have opened as the system continues to evolve.¹ There is potential to draw lessons from the evolution of the Australian performance framework which can assist the development of performance reporting in Ireland.

11.29 The structure of the Australian social housing performance measurement framework changed relatively little between 1997 and 2003. From 2005 onwards, the performance management system included five output indicators and seven outcome indicators (see Annex 11C). Outputs were framed as intermediate results, with outcome indicators being linked to the purpose of social housing provision. Over the years, various measures were re-categorised from outcome to output indicators.

11.30 Figure 11.7 summarises the Australian social housing performance framework currently in place. The output measures used are categorised into three groups related to equity, effectiveness and efficiency. Effectiveness indicators make up the greatest share of indicators, focusing on issues that directly impact households in need of support e.g. waiting times, affordability and the condition of housing units.

Figure 11.7 Australian social housing performance framework



¹ For example, while a 'sustainability' output metric has been formulated in terms of balancing housing need against social, financial and environmental concerns and is included in the current performance framework, data was not available to report against this metric in 2020.

Key to indicators*

Source: Australia Productivity Commission, *Report on Government Services 2020*

Note: a The Australian report indicated that the most recent data for the output indicators highlighted in pink is either not comparable and/or not complete.

Operation of social housing in Australia

In Australia, social housing is defined as rental housing provided by government or non-government (including not-for-profit) organisations at below market rates to Australians with low-to-moderate incomes.¹ Other housing supports provided that sit outside this definition include a nationally available rent subsidy and supports for those seeking to purchase their home.

As at 30 June 2018, there were nearly 419,000 dwellings provided by the three main social housing programmes. While the number of social housing dwellings increased over the past decade, social housing as a share of the total Australian housing stock declined from 5.1% in 2011 to 4.2% in 2016.

Local government has responsibility for providing social housing in Australia, and generally owns or leases a stock of property. Eligibility for social housing is determined on the basis of income level. 'Low income' households are defined in New South Wales as those earning between 50% and 80% of the median income in Sydney, while 'very low income' households are those earning less than 50% of the median income.

Social housing rent is set as a proportion of the tenant's income — typically 25% to 30% — or the market rent (whichever is lower).

The Australian National Social Housing Survey 2018 found that around 195,000 Australian households were on waiting lists for social housing.

11.31 Key features of the Australian performance framework include

- The major elements of performance (objectives, outputs and outcomes) are laid out in a coherent chain.
- Performance assessment in relation to social housing expenditure has moved away from process-driven, internally-focused efficiency indicators in favour of effectiveness indicators that are outward-focused and aim to measure additional benefit derived by households.
- Although at times more difficult to collect and interpret, the Australian framework has deliberately opted to focus on qualitative data (such as customer satisfaction and the condition of dwellings) rather than on many quantitative indicators (such as occupancy levels and rent arrears).

Sources of performance data

11.32 In many European jurisdictions, housing policy is informed by analysis of administrative data which is often a byproduct of other processes e.g. property tax data. Bespoke housing databases are maintained in some jurisdictions. Examples include Austria's *Housing Register of Buildings and Dwellings*, the Czech Republic's *Register of Census Districts and Buildings* and Denmark's *Register of Buildings and Dwellings*.

11.33 Internationally, supporting detail in relation to housing performance is often obtained through surveys.

¹ *National Social Housing Survey 2018*, Australian Institute of Health and Welfare, 2019.

Conclusions and recommendations

- 11.34** Social housing delivered by local authorities or AHBs through either capital projects or current expenditure programmes are substantially funded through the Vote for Housing, Planning and Local Government. Additional funding sources for the capital costs of acquisition of social housing are lending to local authorities and AHBs by the Housing Finance Agency, and the development of public private partnerships. Current funding for housing support is also provided from the Vote for Employment Affairs and Social Protection in the form of rent supplement, which is intended as short-term assistance, with households that continue in need of support being transferred to other forms of social housing support, as appropriate.
- 11.35** Because of the multiple forms of support for housing with different criteria for access and the changes — demographic and/or financial — that occur in households' needs, monitoring and reporting on the performance of the public bodies involved in social housing support is a complex process. While the Department has other important responsibilities in the sector, the bulk of its housing programme expenditure relates to the provision of social housing. The Department spent €2.4 billion on housing in 2019, which is two and a half times the corresponding figure for 2016.¹ Given the scale of the expenditure and the impact on the lives of those affected, it is important that an appropriate performance measurement framework is in place to facilitate assessment of whether desired outcomes are being achieved in a way that delivers value for money.
- 11.36** Strategic objectives and targets for government involvement in the housing sector have been set out in *Rebuilding Ireland 2016 – 2021*. These targets are being reported on regularly, and indicate that the overall targets for social housing are being met, albeit through a different balance of delivery methods compared to what was originally envisaged.
- 11.37** The Department has achieved or substantially achieved most of the performance targets it has set for the housing programme funded under the Vote for Housing, Planning and Local Government. These are predominantly output targets that measure aspects of the programme-funded activity. However, the measures used are not well aligned with the nature of the activity that is funded. Some substantial funding lines have no output or activity measures associated with them. Some measures relate to a number of funding lines, so it is difficult to see what contribution each spending channel is making. A number of the measures/targets relate to incremental values — e.g. new HAP tenancies created — rather than to the full scale of support provided through the funding stream i.e. average weekly number of HAP tenancies supported in the year. None of the measures focus on economy or efficiency aspects of performance e.g. average cost of acquiring a new residential unit, or average cost of RAS or HAP tenancies.
- 11.38** Outcome indicators and targets are also required to demonstrate whether programme objectives are being achieved. For example, an output indicator measuring the numbers receiving social housing support might be complemented by an outcome indicator measuring the percentage of those requiring supports who are actually receiving them.
- 11.39** Benchmarking and international comparison are also facilitated where outcome indicators are expressed in the form of relevant percentages rather than in absolute terms. For example, a target of increasing publicly owned social housing to X% of the total housing stock by Year Y is more meaningful and comparable than a target of delivering Z new units per year.

¹ The actual increase was from €943 million in 2016 to €2.44 billion in 2019.

Recommendation 11.1

The Department should develop more appropriate output and activity measures for its housing expenditure programme. It should also seek to develop new outcome and effectiveness indicators for the programme, including targets expressed in percentage terms, to reflect its strategic objectives for the housing sector.

DHPLG Accounting Officer's response

Agreed.

While acknowledging that certain improvements could and should be explored, generating new performance indicators requires the availability of appropriate data. The availability of data, be that existing data, or some new data collection tool is intrinsic to the feasibility of being able to produce meaningful, comparable and accurate reports and my Department is very open to exploring using available datasets to enhance performance reporting and potentially explore ways to address the particular gaps in outcome reporting highlighted in this report.

This Department is very reliant on regular data provision from 31 local authorities, and has been working very hard in recent years to standardise data collection and interpretation. Any additional reporting requirements must be carefully considered in the context of the proportionality of additional administrative burden.

- 11.40** NOAC produces useful and reliable performance information in relation to the local authority housing stock. Given the build-up of data reporting over time, it now allows trends to be identified and analysed. However, the set of measures it produces has insufficient focus on the financial aspects of local authority direct provision of social housing. Furthermore, although local authorities have a much broader role in social housing provision, both in their statutory role as housing authorities and through their involvement in the support of households through AHBs and under the RAS and HAP schemes, NOAC does not compile or report on performance in those areas.

Recommendation 11.2

The Department should consider, in consultation with NOAC, whether there is a case for expanding the scope of NOAC's performance reporting in relation to social housing, to recognise the role of local authorities as statutory housing authorities, and their central involvement in the provision of social housing other than through their own housing stock.

DHPLG Accounting Officer's response

Agreed.

This recommendation will be further explored and considered in consultation with NOAC.

The 2018 NOAC report recognised the important role played by local authorities in managing and steering the delivery of housing supports by other bodies, and in delivering housing supports through other delivery mechanisms such as HAP. As set out in Rebuilding Ireland, delivery of housing supports is now achieved through collaboration between local authorities, AHBs and other entities using both traditional methods of delivery and also more innovative approaches to provision. In that context, while the housing stock of local authorities remains a key focus for NOAC, social housing delivery by other entities must also be acknowledged.

- 11.41** The Department of Public Expenditure and Reform recommends that the number of output targets for an area of spending should be proportionate to the level of expenditure. This examination noted that the Department did not have metrics in place for some major housing programme expenditure subheads in the 2020 REV.

Recommendation 11.3

The Department should re-examine the output indicators used for its overall housing programme in the REV to ensure that the numbers of targets set in relation to different subheads reflect the relative levels of expenditure.

DHPLG Accounting Officer's response

Agreed.

The Department acknowledges the rationale for apportionment of numbers of targets against levels of expenditure and in that context will be satisfied to review the output indicators in relation to the different subheads. It will continue to be the case that certain programmes may achieve substantial outputs for citizens, even with moderate exchequer investment and will accordingly continue to be reflected in the performance indicators.

- 11.42** Within the REV presentation, it should be possible to match performance data included in the key high level metrics section with expenditure under specific subheads.

Recommendation 11.4

The Department of Housing, Planning and Local Government should ensure that key high level metrics contained in the REV have a direct link to specific housing programme subheads.

DHPLG Accounting Officer's response

Agreed.

The Department will examine and seek to ensure that to the greatest extent possible, key high level metrics contained in the REV have a direct link to specific housing programme subheads. In some more complex cases, the metric may require contextualisation and in some cases there may be a link to multiple subheads, for example performance metrics related to homelessness could relate to build or acquisition related capital subheads, or to current subheads under HAP or the social housing current expenditure programme. In the case of certain AHB delivery (capital advance leasing facility), both capital and current subheads are relied upon to achieve outputs.

- 11.43** There is potential for Ireland to draw valuable lessons from international experience of performance reporting on the housing sector. The performance measurement framework for social housing delivery in Australia has been refined over many years, with the recent emphasis being on outward-looking effectiveness indicators.
- 11.44** The current Australian framework includes qualitative indicators such as dwelling condition and customer satisfaction. While collecting and interpreting such data presents some difficulty, the information gleaned has the potential to greatly enrich performance reporting.

Recommendation 11.5

The Department of Housing, Planning and Local Government should examine the potential to introduce appropriate qualitative indicators for performance measurement in the housing sector.

Given the current guidance that only quantitative indicators should be included in the REV, the Department should also decide on an appropriate mechanism to publish qualitative performance information.

DHPLG Accounting Officer's response

Agreed.

As regards the publication of qualitative performance measurement outside of the REV, this will be carefully examined, and considered in the wider context of other reporting structures in place, for example quarterly statistical social housing delivery publications, or quarterly reporting on all actions under the five pillars of Rebuilding Ireland. Generating new indicators, whether for inclusion in the REV, or elsewhere, relies on the level of coverage and accuracy of data that is already available or can be extracted from some new data collection structure. The Department will consider the potential for example to draw on census results and EU statistics on income and living conditions — however, the limitations of such data will need careful consideration.

Programme performance measurement generally

- 11.45** While the focus of this examination was on the housing sector, some of the issues identified have wider implications that should be considered by the Department of Public Expenditure and Reform. There is potential to strengthen and clarify the link between financial allocations and key high level metrics for all votes in the REV.
- 11.46** There is no single document in the vote accounting cycle which brings together information on both financial outturns and performance against output or outcome indicators.
- 11.47** The REV includes information on outturn against performance targets but does not include information on financial outturns. Separately, appropriation accounts for each vote report financial outturns compared to the budgets approved but do not include performance information.

Recommendation 11.6

The Department of Public Expenditure and Reform should conduct a review of the current process for developing estimates and subsequently the production of accounts to identify opportunities for increased transparency through greater integration of financial and performance information.

DPER Accounting Officer's response

Agreed.

I agree with greater integration of financial and performance information. The 2019 OECD report on *Financial Reporting in Ireland*¹ set out a range of recommendations to improve the process of Government financial reporting. These reforms include movement to an international standards-based accruals accounting system, more timely delivery of financial reports, and a more comprehensive approach to whole-of-Government reporting.

¹ *Financial Reporting in Ireland*,
OECD Journal on Budgeting
Volume 2019/1.

The report also recommended that consideration be given to more integrated Government reporting, which would include a financial outturn for the previous year, accrual based financial statements, and information on the strategy and performance of the Department. While the immediate priority in this reform is the movement towards a standards-based accruals accounting framework, the Department will also consider options for the more integrated type of annual report proposed by the OECD, as part of the reform process.

Annex 11A Characteristics of good performance measurement frameworks

The characteristics of a good performance measurement framework can usefully be considered in relation to the design of an individual or specific measure or indicator of performance, and the quality of the system of performance measures or indicators of an organisation's performance as a whole.

Figure 11A.1 A good performance measure or indicator

Characteristic	Description
Relevant	Measure addresses achievement of a core performance objective
Attributable	Department has the ability to influence results of activity
Avoids perverse incentives	Use of the measure is unlikely to lead to a perverse outcome
Well defined	Measure is easily understood and consistent, and measures what is intended
Comparable	Measure should be capable of being compared e.g. to past periods or between similar departments
Reliable	There are stable and consistent data collection processes across collection points and over time
Timely	Measure is produced frequently and quickly enough to track progress and for it to be useful
Accurate and verifiable	The data used to generate the measure is accurate, complete and can be validated independently

Source: Based on a UK framework jointly developed by the National Audit Office, Audit Commission, Cabinet Office, Office for National Statistics and HM Treasury. *Choosing the Right Fabric: A Framework for Performance Information*, 2001.

Figure 11A.2 A good system of performance measures or indicators taken together

Characteristic	Description
Comprehensive	Giving a picture of what the organisation is doing, covering all significant areas of work
Balanced	The number of measures/indicators should be proportionate to the level of spending
Appropriate	The measure should be appropriate to, and useful for, decision makers within the organisation, and meeting the needs of stakeholders outside the organisation
Robust	Generation of the information should be able to withstand organisational or personnel changes
Integrated	The system of measures should be integrated with the organisation's business planning and management processes
Cost-effective	Balances the benefits of performance information against the costs of producing that information

Source: Based on a UK framework jointly developed by the National Audit Office, Audit Commission, Cabinet Office, Office for National Statistics and HM Treasury. *Choosing the Right Fabric: A Framework for Performance Information*, 2001.

Annex 11B NOAC performance indicator report data

Performance indicator	2014	2015	2016	2017	2018
Number of dwellings in the ownership of the local authorities at the year end	129,511	129,860	n/a	133,394	134,880
Percentage of the total number of local authority owned dwellings that were vacant at the year end	n/a	3.50	3.02	2.73	2.77
Time taken from the date of vacation of a dwelling to the date in year when a new tenancy had commenced in the dwelling, averaged across all dwellings re-let (weeks) ^b	24.28	22.56	20.90	28.99	27.75
Number of adult individuals in emergency accommodation that are long-term (i.e. 6 months or more within the previous year) homeless as a percentage of the total number of homeless adult individuals in emergency accommodation at the end of year	30.34	45.27	58.46	54.38	61.58

Source: NOAC Performance Indicators Report 2018

Note: a n/a denotes no information was available for this year.

b For the years 2014 to 2016, the figure shown represents the median time between lettings, rather than the average.

	Output Indicator	Note on measurement	1997-1999	2000	2001-2003	2004	2005	2006-2010	2011	2012-2016	2017	2018-2019	2020
15	Gross cost per unit	Administration, operating and capital costs											
16	Net cost per (output) unit	Net cost (excluding rent received from tenants)											
17	Net recurrent cost per dwelling	Total administration and operating costs. It does not include any cost of capital											
18	Rate of return on assets	Net surplus plus interest divided by average total assets											
19	Rate of return on equity	Net surplus divided by average total equity											
20	Rate of return on assets and equity	Net surplus divided by average total assets and average total equity											
21	Equity value	Difference between the average total assets and the average total liabilities of a housing authority											
22	Level of provision	Housing supplied compared against target provision											
23	Occupancy rates	Number of dwellings occupied as a proportion of total dwellings											
24	Rent collection rate	Total rent actually collected as a percentage of total rent charged and/or percentage of tenants in arrears											
25	Turnaround time	Average time in days for vacant dwellings, which are available for letting, to be tenanted											
26	Turnaround rent foregone	Rent lost while properties were vacant between lettings											
27	Wait times	Households in receipt of a housing allocation in the previous 12 months, by their time spent on the social housing list											
28	Sustainability	Housing needs are met and balanced against future housing needs and social, financial and environmental concerns											

Source: Report on Government Services 1997 – 2020. Analysis by the Office of the Comptroller and Auditor General.

- Notes:
- a Green indicates that the output indicator was in use in the relevant year.
 - b Orange indicates that the output indicator was re-designated as an outcome indicator in the relevant year.

